

VZCZCXRO8073
RR RUEHMA RUEHPA
DE RUEHDK #1133/01 2461649
ZNR UUUUU ZZH
R 031649Z SEP 09
FM AMEMBASSY DAKAR
TO RUEHC/SECSTATE WASHDC 3021
INFO RUEHZK/ECOWAS COLLECTIVE
RUEHLMC/MCC WASHDC

UNCLAS SECTION 01 OF 02 DAKAR 001133

SIPDIS
SENSITIVE

DEPT FOR AF/W, AF/RSA, DRL AND INR/AA
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E.O. 12958: N/A
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SUBJECT: Worsening Power Cuts Leads to Rioting in Dakar

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¶1. (SBU) Dakar and most of Senegal's major cities have been gripped by chronic electricity cuts. At the heart of the issue is SENELEC's (the state electricity parastatal) inability to find adequate financing to buy fuel to run their power stations. Energy Minister Samuel Sarr has handed in his resignation to President Abdoulaye Wade against the backdrop of two days of serious rioting in Dakar's crowded suburbs that are already suffering from severe flood damage. However, sources within the Energy Ministry say that Senelec has managed to secure CFA 26 billion (USD 56.5 million) in short-term financing that will allow the company to buy the fuel it needs. The same sources told Emboffs that Senelec is down to 8,900 Metric Tons of fuel. End Summary.

¶2. (SBU) Electricity cuts have reached chronic proportions as long and unscheduled outages of 12 to 15 hours and more are becoming common in most areas of Dakar. Secondary cities are experiencing similar outages. Businesses and households are complaining ever more loudly as the cuts continue unabated. Small businesses such as tailor shops and carpentries are especially affected and unions representing their interests report a 40 percent drop in production. Generators and candles have become two of the most sought after commodities around, and businesses that used to be able to endure short cuts must now either invest in their own power sources or close.

¶3. (SBU) Senelec consumes 1500 Mt of heavy fuel per day for a total monthly cost of USD 36 million. Its equipment is obsolete, some dating from the early sixties, inefficient, and costly to run. Service is perennially poor and transmission and distribution facilities are in deplorable condition due to wear and tear. To make matters worse, one of gas turbines of the 50+ Mw Cap De Biche power plant is currently sitting idle in the workshop of Connecticut-based Greenwich Turbine Inc. (GTI), which originally built the plant in 1995. The turbine has been there for over year because Senelec has been unable to make a third and final payment for the repairs.

SENELEC'S FINANCES IN DIRE STRAIGHTS

¶4. (SBU) In a meeting with Cheikhou Cisse, Senelec's Director of Communication, he argued that that the company is facing major financial difficulties because of non-payment of outstanding arrears by delinquent customers. Cisse underlined that Senelec is owed as much CFA 39 billion (Approx. USD 78 million). This debt includes CFA 17 billion (USD 34 million) from three private companies, CFA 14 billion (USD 28 million) from local municipalities (cities), and CFA 7 billion from clients who have had their power cut, "We can't obtain a loan from commercial banks, and our suppliers are reluctant to give fuel at credit," said Cisse. Besides collecting its debts from its clients, Senelec's action plan calls for combating fraud. Cisse noted that the company is losing close to CFA 20 billion (USD 40 million) a year as a result of people illegally siphoning off

power from the grid.

REACTIONS

15. (SBU) After simmering for months, the people of Dakar finally hit the streets on September 1 just after breaking their fast. Hundreds of youths from the Dakar suburbs Niary Tally and HLM demonstrated against the cuts by invading the main boulevard in Niarry Tally and HLM shouting, "electric cuts must stop, no more cuts, enough is enough." The demonstrations were characterized by people burning tires, blocking roads, and attacking city buses. The police, who arrived on the scene long after the riots started, tried to disperse the group with tear gas. The riots continued for a second night on September 2, but this time they were more widespread to include the suburbs of Pikine. Once again the police responded with tear gas and batons. President Wade is expected to return from his vacation soon and several sources said that he will make an important announcement on the day of Korite (the end of Ramadan) around September 19-20. Meanwhile, consumer associations have remained mum on the subject since the majority of their leaders have recently received plum appointments as members of the Economic and Social Council.

Comment

16. (SBU) President Wade has yet to accept Minister Sarr's resignation and even he did it would not change the fact that there is just not enough electricity production or capacity in the country to meet demand. Some of this has to do with the way that Senelec is being mismanaged but the simple fact is that building new power stations takes time and a lot of money, both of which Senegal does not have. Due to poor planning Senelec will be forced to buy fuel off the spot market, thus paying regular rates further straining an

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already burdened budget. End Comment.

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